

EXHIBIT

21

From: Riley, Bobbie
Sent: Tuesday, February 4, 2014 5:04 PM
To: Berggren, Lynette
Subject: FW: IMS proposal
Attachments: image001.jpg; IMS Controlled Substance Tracking Proposal v3.docx

Can we print this too ☺

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From: Price, Nikki
Sent: Tuesday, February 04, 2014 10:52 AM
To: Riley, Bobbie
Subject: FW: IMS proposal

Attachment.

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From: Price, Nikki
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To: Riley, Bobbie
Subject: IMS proposal

Maybe we can have a quick discussion around this later today. I spoke with the Director of Govt Affairs at Rite Aid, Janet Hart. She was very forthcoming. They have a dedicated resource to monitor physician prescribing habits for their chain. That is all this person does.

I think we could use a full time resource to look at physicians, pharmacies, LPAs, etc. But we could probably suffice initially with part time at 20 hours.

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IMS Controlled Substance Monitoring Proposal

Current State: NAI/LLC monitors the controlled substance inventories for internal diversion through:

- Inventory adjustments by associates
- Comparison of ordering and dispensing through LPA and SupplyLogix
- Pharmacy Shrink Report

But, there is a gap in monitoring the *dispensing* of controlled substances. By monitoring the dispensing patterns, internal diversion through prescription filling as well as external diversion by physicians and patients could be identified. Today, we rely on our pharmacists to make a professional judgment using only their dispensing data and if available, state prescription monitoring programs (PMP). In addition, the DEA would see this as a positive step towards monitoring controlled substance dispensing within our pharmacies. As a corporate entity, this is an area that is lacking.

Solution: By contracting with IMS, NAI/LLC would be able to view physicians and pharmacies that prescribe and dispense a high amount of controlled substances compared to their peers. This would enable NAI/LLC to proactively conduct targeted screening of our own data and subsequently give the pharmacy teams additional information to make a professional judgment as well as identify those pharmacies that are potentially filling a large number of controlled substances fraudulently.

Benefits of IMS:

- The tool comes as a dashboard and is user friendly in searching for a particular physician, a marketplace/pharmacy, or a drug. A pharmacy that dispenses a high volume of controlled substances could indicate patients who are abusing and/or pharmacy team member(s) assisting in the abuse.
- The data is inclusive of all entities that contract with IMS. Compared to other tools, it appears that IMS has the majority of data in the industry.
- It shows the larger picture of what is occurring in the market place compared to just looking at our own data. It can show approximately what percentage of a particular substance is being dispensed at our pharmacies for a physician compared to the peer group.
- Reports can be run to include all 16 controlled substances or just one. See list for all 16 drugs.
 - Alprazolam
 - Carisoprodol
 - Clonazepam
 - DI-amphetamine
 - Fentanyl
 - Hydrocodone
 - Hydromorphone
 - Methadone
 - Methylphenidate

- Morphine Sulfate
- Oxycodone 15mg
- Oxycodone 30mg
- Oxycodone (all forms and strengths)
- Oxycodone HCL (non-tamper resistant)
- Oxymorphone
- Zolpidem
- IMS does not give patient specific data, but feel that we can potentially work with them for a lower cost of the service to receive patient data and be able to flag this to pharmacy teams

Operational Execution: This data would be the starting point to review our own dispensing patterns for a particular physician or pharmacy. Instead of combing through large amounts of prescription history, it gives a starting point.

If the information found is a physician, this would be given to the DPM to investigate the office to determine if it looks legitimate. After reporting back, a decision could be made regarding whether as a company, if we should be dispensing his/her prescriptions. I recommend a committee made up of members from Compliance and Legal to review the information to make the decision

If the information surrounds a pharmacy, internal information should be reviewed as to the patient(s), and the field evaluator would review the prescriptions in the store to determine legitimacy. This would identify whether it is a group of patients and/or a pharmacy team member in knowingly dispensing fraudulent prescriptions. This tool would have helped identify a store that recently was involved in this type of activity.

Costs: The costs of the tool is xxxx/yr and additionally, a resource would need to be identified to analyze the dashboard, and subsequently be able to analyze our own prescription data. This resource should be based in the Analytics department with a focus on Compliance initiatives.

Summary: By purchasing the IMS tool, it would fulfill a gap in the Controlled Substance Monitoring Program that is current today, provide a targeted approach to reviewing our current information, provide a comparison to our peers, and help define a strategy for external diversion.